

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6998

BILL NUMBER: HB 1213

NOTE PREPARED: Jan 5, 2012

BILL AMENDED:

SUBJECT: Starke County CEDIT for Jail.

FIRST AUTHOR: Rep. Gutwein

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill allows the county council of Starke County to adopt an ordinance imposing an additional county economic development income tax (CEDIT) rate for the purposes of: (1) financing, constructing, acquiring, and equipping the county jail and related buildings and parking facilities; and (2) operating or maintaining those facilities. It authorizes bonds to be issued or leases to be entered into for constructing, acquiring, and equipping the county jail and related buildings and parking facilities. It specifies that the additional tax rate may not exceed the lesser of: (1) 0.65%; or (2) the tax rate that is necessary to pay the costs of financing, acquiring, and equipping the county jail and related buildings and parking facilities and (if the county council makes a determination to use the tax revenue for this purpose) to provide sufficient annual revenues to operate and maintain those facilities. The bill also changes certain population parameters in the CEDIT statutes to reflect the new population counts determined under the 2010 decennial census.

Effective Date: Upon passage.

Explanation of State Expenditures: The Department of State Revenue (DOR) and the State Budget Agency (SBA) would be required to adjust Starke County's CEDIT certified distribution if a tax rate increase is adopted by the county council. The DOR and the SBA should be able to carry out this provision within their existing resources.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill would allow Starke County to impose an additional CEDIT rate of up to 0.65% for the county jail, and it provides that Starke County's combined county adjusted gross income tax (CAGIT) rate and CEDIT rate may not exceed 2%. It is estimated that Starke County could generate approximately \$1.9 M from an additional CEDIT rate of 0.65%. Starke County's CEDIT certified distribution for CY 2012 is about \$1.6 M, and their current CEDIT rate is 0.56%.

In order to increase the tax rate, the county council would have to adopt an ordinance. Revenue derived from the additional CEDIT rate would be deposited in the county jail revenue fund. The bill prohibits the Department of Local Government Finance (DLGF) from considering the additional revenue in setting the county's maximum levy. Any impact will depend upon local action.

Effective dates for new or increased LOIT rates are provided below.

Adoption Date	Effective Date
January 1 - September 30	October 1
October 1 - October 15	November 1
October 16 - October 31	December 1

State Agencies Affected: DOR; SBA.

Local Agencies Affected: Starke County.

Information Sources: State Budget Agency, CY 2012 Advisory Distribution Amounts and LOIT tax rates as of November 30, 2011.

Fiscal Analyst: Jessica Harmon, 317-232-9854.